

# BELFRY GAS COMPANY, INC.

Post Office Box 155  
Allen, Kentucky 41601  
(606) 874-2846

RECEIVED

JUN 07 2004

PUBLIC SERVICE  
COMMISSION

June 3, 2004

Public Service Commission  
Attn: Thomas Dorman  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Case 2004-00233

Dear Mr. Dorman:

Please find enclosed Belfry Gas Company's PGA for July 5, 2004, thru October 1, 2004.

If you have any further questions, please feel free to contact me at the above address or telephone number.

Sincerely,



Stephen G. Jenkins, Manager  
Belfry Gas Company, Inc.

Enclosure

BELFRY GAS COMPANY

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

JUNE 2, 2004

Date Rates to be Effective:

JULY 5, 2004

Reporting Period is Calendar Quarter Ended:

MARCH 31, 2004

SCHEDULE I  
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 7.5919
+ Refund Adjustment (RA)	\$/Mcf	- 0 -
+ Actual Adjustment (AA)	\$/Mcf	.0236
+ Balance Adjustment (BA)	\$/Mcf	- 0 -
= <u>Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	\$ 7.6155

GCR to be effective for service rendered from July 5, 2004 to SEPT. 30, 2004

<b>A.</b>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	385,144
	+ Sales for the 12 months ended <u>MARCH 31, 2004</u>	Mcf	50,731
	= <u>Expected Gas Cost (EGC)</u>	\$/Mcf	7.5919
<b>B.</b>	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	0
	+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	{
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	{
	+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	{
	= <u>Refund Adjustment (RA)</u>	\$/Mcf	0
<b>C.</b>	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.0107
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.0060
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	.0013
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.0056
	= <u>Actual Adjustment (AA)</u>	\$/Mcf	.0236
<b>D.</b>	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	0
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	{
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	{
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	{
	= <u>Balance Adjustment (BA)</u>	\$/Mcf	0

SCHEDULE II  
EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended MARCH 31, 2004

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
KINHAG DEVELOPMENT COMPANY, LLC	42,522	1.20	51,026	7.5480	\$ 385,144

Totals 42,522 51,026 \$ 385,144

Line loss for 12 months ended MARCH 31, 2004 is .58% based on purchases of 51,026 Mcf and sales of 50,731 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	385,144
+ Mcf Purchases (4)	Mcf	51,026
= Average Expected Cost Per Mcf Purchased	\$/Mcf	7.5480
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	51,026
= Total Expected Gas Cost (to Schedule IA.)	\$	385,144

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.  
\*\*Supplier's tariff sheets or notices are attached.

SCHEDULE III  
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended MARCH 31, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	0
<u>+ Interest</u>	\$	<u>          </u>
= Refund Adjustment including interest	\$	0
<u>+ Sales for 12 months ended</u>	Mcf	<u>          </u>
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	0

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended MARCH 31, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>( JAN )</u>	<u>Month 2</u> <u>( FEB )</u>	<u>Month 3</u> <u>( MAR )</u>
Total Supply Volumes Purchased	Mcf	10,815	11,970	7,171
Total Cost of Volumes Purchased	\$	62,035	68,660	41,133
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	10,815	11,820	7,171
= Unit Cost of Gas	\$/Mcf	5.7360	5.8088	5.7360
- EGC in effect for month	\$/Mcf	5.7466	5.7466	5.7466
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(.0106)	.0622	(.0106)
x Actual sales during month	Mcf	10,815	11,820	7,171
= Monthly cost difference	\$	(115)	735	(76)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	544
+ Sales for 12 months ended <u>MARCH 31, 2004</u>	Mcf	50,731
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.0107

SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended MARCH 31, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect. Equals: Balance Adjustment for the AA.	\$  \$  \$	     <u>                    </u>
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect. Equals: Balance Adjustment for the RA.	\$  \$  \$	     <u>                    </u>
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect. Equals: Balance Adjustment for the BA.	\$  \$  \$	     <u>                    </u>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>                    </u>
+ Sales for 12 months ended _____	Mcf	<u>                    </u>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>                    </u>  ○

KINHAG DEVELOPMENT COMPANY, LLC

P.O. Box 155  
Allen, KY 41601

May 24, 2004

Belfry Gas Company, Inc.  
P.O. Box 504  
Allen, KY 41601

RE: Gas Purchase Contract

Gentlemen:

This is to notify you that there will be a gas price adjustment effective July 1, 2004. Your company will be charged a cost of \$7.5480 per MCF delivered. This amount is calculated based on the terms of the contract between Belfry Gas Company, Inc., and Kinshag Development Company, LLC, and the most current FERC Index as of May 21, 2004. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,



KINHAG Development Company, LLC

Enclosure

**NYMEX**

21 May 04 - Settle

1992 - Forward	Month	Price	Change	Lowest	Highest
June	6.353	+0.029		6.570	1.685
July	6.409	+0.009		6.553	1.517
Aug.	6.451	+0.009		6.584	1.385
Sept.	6.423	+0.009		6.556	1.484
Oct.	6.436	+0.009		6.566	1.406
Nov.	6.596	+0.006		6.721	1.772
Dec.	6.784	+0.006		6.903	1.661
Jan.	6.914	+0.006		9.978	1.639
Feb.	6.854	+0.006		9.819	1.046
Mar.	6.654	+0.006		9.577	1.249
Apr.	5.934	+0.001		7.680	1.418
May	5.759	-0.004		6.642	1.596

AVE. 6.4639 ALL TIME HIGH = 6.6300

6.4639 + .22 = 6.6839

JULY CRUDE 39.93 -87

3:30 PM DOW 9961.84 +24.20 ALL TIME HIGH 11,722.90

3:30 PM NASDAC 1904.38 +7.79

29 through 04 June - The Northeast will be cooler than normal. The Southwest will be warmer than normal.

**INSIDE FERC INDICES FOR MAY**

COLUMBIA APPALACHIA = \$6.19  
 COLUMBIA GULF ONSHORE LA. = \$5.88  
 BASIS = \$.31  
 TENN. LA 800 LEG = \$5.86  
 DOMINION TRANS = \$6.35